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SUBJECT: Michael Wareing Visits Basra

¶1. (U) Summary: Michael Wareing, CEO of KPMG International and Co-Chairman of the Basra Development Commission (BDC), visited Basra on August 27 and was pleasantly surprised by the favourable conditions he found in the city. He visited the Abu Al Khasib Vocational Training Center and then co-chaired a meeting of the BDC, held at its new office in central Basra. The Iraqi interlocutors from the BDC were well-prepared and eager to work with the GOI to promote economic development in Basrah. Wareing was accompanied by a camera team from the BBC, a Financial Times journalist and a British member of PRT Basrah. According to our UK counterparts at PRT Basrah, this was a successful and timely visit. End Summary.

¶2. (U) Michael Wareing, CEO of KPMG International, who also serves as the British Co-Chairman of the Basra Development Commission (BDC), paid a visit to Basra on August 27, most of which was spent in the city center. Jon Moss, the PRT Economic Adviser, and journalists from the BBC and the Financial Times, accompanied Wareing throughout the visit. Wareing and Moss (who was last in central Basra in October 2006), were struck by the generally improved conditions they saw in the city. Moss remarked that the city was far cleaner and more orderly. Wareing commented that the main roads appeared to have been re-surfaced, shrubs planted extensively, and plenty of construction activity underway. He also found people on the streets friendly and welcoming.

¶3. (U) Wareing first visited the Abu Al Khasib Vocational Training Center, where he met with: Mohammed Hassan Ali, Director of the Center, and his staff; representatives of the Basra branch of the Ministry of Labor and Social Affairs (MoLSA); members of the Basra Provincial Council (PC) and the Abu Al Khasib municipal council; employers and trainees. The Center, which was partially renovated by the U.S. Army Corps of Engineers/Gulf Region South (GRS) with funding from USAID, has six classrooms with a capacity of up to 500 trainees (it could accommodate far more if fully refurbished). Equipment in the classrooms and workshops was very sparse. Wareing was shown a domestic science laboratory, intended to support the dairy industry, but containing no equipment. On the day of the visit, there were classes in light engineering and plumbing. Wareing spoke to a number of trainees, one of whom told him he had been unemployed for six years, but expected to start full time employment after completing his course.

¶4. (U) Next, Wareing participated in a round-table discussion on the issues surrounding youth unemployment, which included the challenges facing small-medium size enterprises (SMEs); the need for specific training that addresses the needs of the private sector, and the shortage of resources. Under the BDC, the Youth Unemployment Task Force (YUTF), sponsored by the UK, works jointly with MoLSA on a pilot program to identify local businesses willing to offer twelve-month work placement and training for unemployed youth. UK-DFID (Department for International Development) funding has been approved for additional training to be provided by the Center. In the past month, 30 companies have offered a total of 120 training placements. The YUTF is confident it will have placements offers for an initial 500 trainees by mid-September 2008, and is compiling a database of employers which will be passed to MoLSA.

¶5. (U) After a guided tour of the new BDC office in central Basra, Wareing -- along with Iraqi Co-Chair Munadhil Abd Khanghir -- led a meeting of the BDC, which was attended by four of the six BDC commissioners. The meeting focused on the progress of the Basra

Economic Development Strategy (BEDS). The first part of BEDS, known as BEDS 1 - short-term projects in support of economic development to be achieved in a one-year period - will be completed in September. There was broad agreement that BEDS 2 - economic regeneration initiatives over a longer period - would be finalized by early 2009. BDC commissioners were keen to push ahead key elements of BEDS 1 for which they were responsible, including the above-mentioned YUTF pilot program. The commissioners also reviewed the activity of the BDC working groups on investment policy and business-enabling environment. The commissioners agreed to set up a new working group on education.

16. (U) The commissioners also discussed the work of the BDC Inward Investment Adviser (UK contractor Coffey who, through the PRT, acts as a consultant to bring in foreign investment), and were anxious for good follow-up to the successful Invest Basra 2008 event that took place in Kuwait last March. It was noted that a number of inward investment visits had already taken place: Three from the UK and one each from Luxembourg, Kuwait, UAE, and a joint UK-Turkish visit; areas of interest included logistics, steel, oil, ports, agriculture, and petro-chemicals. The lead adviser is preparing a program of follow-on visits to take place in September.

17. (U) Comment: A sign of increasing communication with the PRT, this cable was made possible by an account of Wareing's visit given by UK PRT Team Leader Fionna Gibbs to REO Director. According to our UK counterparts, this was a successful and timely visit. The Iraqis were pleased that the BDC meeting took place in their new offices. The commissioners clearly prepared for the meeting and seemed eager to develop their role as ambassadors for economic development in Basra, especially at the GOI level. They told Wareing they would like to be more closely involved in lobbying the

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GOI, i.e., to accompany him on visits to Baghdad. Wareing agreed that it was important that they do so, as the BDC needed to be seen as an Iraqi institution. The next BDC meeting will take place in November in London and UK Deputy Consul General, Fionna Gibbs, said she will aim to include Iraqi commissioners in Wareing's next visit to Iraq in early 2009. Gibbs noticed a growing capacity in the BDC, which she found encouraging. The visit to the Vocational Training Center highlighted the myriad of problems yet to be overcome in developing further education in Basra, but the trainees were enthusiastic and committed. Wareing commented that they were a more promising group than he was used to encountering in the UK.
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